GOVERNMENT OF INDIA
HEAVY INDUSTRIES AND PUBLIC ENTERPRISES
LOK SABHA

UNSTARRED QUESTION NO:537
ANSWERED ON:28.02.2008
PROFIT LOSS MAKING PSUs
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Will the Minister of HEAVY INDUSTRIES AND PUBLIC ENTERPRISES be pleased to state:

(a) the profits/losses incurred by the Central Public Sector Undertakings during the last three years;

(b) the reasons for the losses being incurred and the policy of Government regarding converting them into profit making or self-sustaining units;

(c) whether internally accepted three phased strategy i.e.long term objectives (Mission and Vision), proven business policy and judicial allocation of resources (human,financial and material) has been tried in the loss making PSUs; and

(d) if so, the results thereof?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF HEAVY INDUSTRIES AND PUBLIC ENTERPRISES (SHRI SONTOSH MOHAN DEV)

(a): The profits of profit making Central Public Sector Enterprises (CPSEs) and losses of loss incurring CPSEs, during the last three years,are given below;-

Year	Profits of Profit making CPSEs (Rs.in crore)	Losses of loss incurring CPSEs (Rs.in crore)
2004-05	74432	9003
2005-06	76382	6845
2006-07	89773	8223

(b): The reasons for losses are manifold and enterprise specific.However,some common problems faced by the sick and loss making Central Public Sector Enterprises (CPSEs) include obsolete plant and machinery, outdated technology, resource crunch, low capacity utilization, interest burden, stiff competition, weak marketing and surplus manpower etc.

The National Common Minimum Programme,inter alia,stipulates that while every effort will be made to modernize and restructure sick public sector companies and revive sick industry, chronically loss making companies will either be sold-off or closed, after all workers have. got their legitimate dues and compensation. The private industry will be inducted to turn around companies that have potential for revival.

(c) and (d): In pursuance of this policy the Government constituted the Board for Reconstruction of Public Sector Enterprises (BRPSE) as a part time advisory body to advise,the Government on the proposals submitted by concerned administrative Ministries/Departments, the strategies, measures and schemes for strengthening, modernization, revival and restructuring of sick and loss making CPSEs. Based on the recommendations of BRPSE, the Government have approved revival of 28 CPSEs and closure of 2 CPSEs involving a total assistance of Rs. 8430.48 crore (i.e. cash assistance of Rs. 1976.13 crore and non cash assistance of Rs. 6454.35 crore).